

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

RECEIVED  
MAR 10 2 52 PM '99

RENEWAL OF EXPERIMENTAL CLASSIFICATION AND  
FEES FOR WEIGHT-AVERAGED NONLETTER-SIZE  
BUSINESS REPLY MAIL, 1999

Docket No. MC99-1

**STIPULATION AND AGREEMENT**

This Stipulation and Agreement is submitted pursuant Rule 29 of the Rules of Practice and Procedure of the Postal Rate Commission, 39 C.F.R. § 3001.29, by and between the undersigned parties or through their respective attorneys. It is a negotiated settlement of all issues raised in the above-captioned docket. The undersigned parties hereby stipulate and agree to the following:

**I. BACKGROUND**

The United States Postal Service has filed with the Commission a request for a decision recommending renewal of the existing experimental classification and fees for weight-averaged nonletter-size Business Reply Mail (BRM), which are due to expire on June 7, 1999. The experimental classification and fees were implemented on June 8, 1997, by the Postal Service, after approval by the Postal Service Governors<sup>1</sup> of the April 2, 1997, recommended decision of the Postal Rate Commission in Docket No. MC97-1.

---

<sup>1</sup> See Decision of the Governors of the United States Postal Service on the Recommended Decision of the Postal Rate Commission on the Experimental Nonletter-Size Business Reply Mail Categories and Fees, Docket No. MC97-1 (May 5, 1997).

Pursuant to 39 U.S.C. §§ 3622 and 3623, on March 8, 1999, the Postal Service has filed a request with the Commission, seeking to establish a permanent classification and fees for weight-averaged nonletter-size Business Reply Mail. That request has been designated as Docket No. MC99-2 by the Commission.

Concurrently, under that same authority, the Postal Service filed a separate request seeking renewal of the experimental classification and fees for weight-averaged nonletter-size Business Reply Mail. For reasons explained in the Docket No. MC99-1 testimony of Postal Service witness James Kiefer (USPS-T-1), the Postal Service requests that it be permitted to continue this portion of the experiment until February 29, 2000, or until the permanent classification and fees which result from the litigation of Docket No. MC99-2 are implemented, whichever comes first.

## **II. TERMS AND CONDITIONS**

1. This Revised Stipulation and Agreement represents a negotiated settlement of all issues raised by the March 8, 1999, Request of the United States Postal Service for a Recommended Decision on Renewal of Experimental Classification and Fees For Weight-Averaged Nonletter-Size Business Reply Mail.

2. The undersigned parties agree, for purposes of this proceeding only, that the Docket No. MC99-1 direct testimony of Postal Service witness James Kiefer (USPS-T-1),<sup>2</sup> any designated interrogatory responses provided by him or by the Postal Service, and other designated materials filed on behalf of the Postal Service in Docket No. MC99-1, including the Postal Service's Request and the attachments thereto,

---

<sup>2</sup> And any materials incorporated therein by reference.

provide sufficient reasons and substantial evidence justifying a recommended decision in favor of the changes to Domestic Mail Classification Schedule § 931 and DMCS Fee Schedule 931 sought by the Postal Service in Docket No. MC99-1. (A copy of the requested changes is appended to this Stipulation and Agreement. The undersigned parties stipulate that the Docket No. MC99-1 Request, the attachments thereto, the aforementioned testimony of witness Kiefer (USPS-T-1), and any designated interrogatory responses be entered into the record of this proceeding.

3. On the basis of such record, for purposes of this proceeding only, the undersigned parties stipulate that the Domestic Mail Classification Schedule (DMCS) and Fee Schedule changes set forth in the Attachment to this Stipulation and Agreement are in accordance with the policies of title 39, United States Code, and in particular, the criteria and factors of 39 U.S.C. §§ 3622 and 3623.

4. This Stipulation and Agreement is offered in total and final settlement of this proceeding. The undersigned parties agree that they will file no further pleadings or testimony with the Commission in this proceeding, with the exception of: (a) pleadings or testimony explicitly requested by the Commission or in reply to such pleadings; (b) pleadings or testimony opposing pleadings or testimony filed in opposition to this Stipulation and Agreement; or (c) pleadings, testimony or comments in support of this Stipulation and Agreement.

5. If the Commission adopts a Recommended Decision that deviates from the classification and fees proposed in the Postal Service's Request, or if the Governors of the Postal Service fail to approve the Commission's Recommended Decision, then each signatory reserves the right to withdraw from this Stipulation and Agreement. Any

signatory withdrawing under the terms of this paragraph must provide written notice of this fact to all parties within three (3) business days of the occurrence of the specific event giving rise to the right to withdraw. Any exercise of such right by one or more signatories shall not affect the operation of this Stipulation and Agreement as to other signatories.

6. This Stipulation and Agreement pertains only to the instant proceeding and does not extend to merits of the concurrent Docket No. MC99-2 proposal to establish a permanent classification and fees for weight-averaged nonletter-size Business Reply Mail. The parties shall not be considered as necessarily agreeing with or conceding the applicability of any principle, or any method of classification or ratemaking or cost of service determination, or design of rate or fee schedule or term and conditions of service, or the application of any rule or interpretation of law, that may underlie, or be thought to underlie, this Stipulation and Agreement.

7. In any future negotiation or proceeding (other than any proceedings involving the honoring, enforcement, or construction of this Stipulation and Agreement), the parties shall not be bound or prejudiced by this Stipulation and Agreement, nor shall any party rely for any purpose on the fact that another party entered into or did not oppose this Stipulation and Agreement. The undersigned parties also agree that, to the extent that matters presented in the Postal Service's Docket No. MC99-1 Request, in any Commission Recommended Decision on that Request, or in any decision of the Governors of the Postal Service in this proceeding have not actually been litigated, the resolution of such matters will not be entitled to precedential effect in any other proceeding.

8. As fully stated above, the agreement of the parties is intended to relate exclusively to the specific weight-averaged nonletter-size Business Reply Mail proposals reflected in the proposed Domestic Mail Classification Schedule provisions appended hereto, and is not intended to bind or prejudice the parties in any other proceeding. This understanding of the intended consequences of the agreement apply equally to all constituent parts of the agreement.

9. The undersigned parties request that the Commission expeditiously issue a Recommended Decision consistent with this Stipulation and Agreement.

10. This Stipulation and Agreement represents the entire agreement of the signatories, and supersedes any understandings or representations not contained herein.

\* Signature pages are attached.

[Proposed additions are underlined. Proposed deletions are stricken through.]

**930 PAYMENT ALTERNATIVES**

**931 BUSINESS REPLY MAIL**

**931.1 Definitions**

931.11 Business reply mail is a service whereby business reply cards, envelopes, cartons and labels may be distributed by or for a business reply distributor for use by mailers for sending First-Class Mail without prepayment of postage to an address chosen by the distributor. A distributor is the holder of a business reply license.

931.12 A business reply mail piece is nonletter-size for purposes of this section if it meets addressing and other preparation requirements, but does not meet the machinability requirements specified by the Postal Service for mechanized or automated letter sortation.

This provision expires ~~June 7, 1999~~ February 29, 2000, or upon implementation of permanent fees for nonletter-size business reply mail, whichever comes first.

**931.2 Description of Service**

931.21 The distributor guarantees payment on delivery of postage and fees for all returned business reply mail. Any distributor of business reply cards, envelopes, cartons and labels under any one license for return to several addresses guarantees to pay postage and fees on any returns refused by any such addressee.

**931.3 Requirements of the Mailer**

931.31 Business reply cards, envelopes, cartons and labels must be preaddressed and bear business reply markings.

931.32 Handwriting, typewriting or handstamping are not acceptable methods of preaddressing or marking business reply cards, envelopes, cartons, or labels.

**931.4 Fees**

931.41 The fees for business reply mail are set forth in Fee Schedule 931.

931.42 To qualify as an active business reply mail advance deposit trust account, the account must be used solely for business reply mail and contain sufficient postage and fees due for returned business reply mail.

931.43 An accounting fee as set forth in Fee Schedule 931 must be paid each year for each advance deposit business reply account at each facility where the mail is to be returned.

**931.5 ~~Experimental Reverse Manifest Fees~~**

~~931.51 A set-up/qualification fee as set forth in Fee Schedule 931 must be paid by each business reply mail advance deposit trust account holder at each destination postal facility at which it applies to receive nonletter-size business reply mail for which the postage and fees will be accounted for through a reverse manifest method approved by the Postal Service for determining and verifying postage.~~

~~A distributor must pay this fee for each business reply mail advance deposit trust account for which participation in the nonletter-size business reply mail experiment is requested.~~

~~This provision expires June 7, 1999.~~

~~931.52 A nonletter-size reverse manifest monthly fee as set forth in Fee Schedule 931 must be paid each month during which the distributor's reverse manifest account is active.~~

~~This fee applies to the (no more than) 10 advance deposit account holders which are selected by the Postal Service to participate in the reverse manifest nonletter-size business reply mail experiment and which utilize reverse manifest accounting methods approved by the Postal Service for determining and verifying postage and fees.~~

~~This provision expires June 7, 1999.~~

**931.6 Experimental Weight Averaging Fees**

931.61 A set-up/qualification fee as set forth in Fee Schedule 931 must be paid by each business reply mail advance deposit trust account holder at each destination postal facility at which it applies to receive nonletter-size business reply mail for which the postage and fees will be accounted for through a weight averaging method approved by the Postal Service for determining and verifying postage.

A distributor must pay this fee for each business reply mail advance deposit trust account for which participation in the nonletter-size business reply mail experiment is requested.

This provision expires ~~June 7, 1999~~ February 29, 2000, or upon implementation of permanent fees for nonletter-size business reply mail, whichever comes first.

- 931.62 A nonletter-size weight averaging monthly fee as set forth in Fee Schedule 931 must be paid each month during which the distributor's weight averaging account is active.

This fee applies to the (no more than) 10 advance deposit account holders which are selected by the Postal Service to participate in the weight averaging nonletter-size business reply mail experiment.

This provision expires ~~June 7, 1999~~ February 29, 2000, or upon implementation of permanent fees for nonletter-size business reply mail, whichever comes first.

**931.7 Authorizations and Licenses**

- 931.71 In order to distribute business reply cards, envelopes, cartons or labels, the distributor must obtain a license or licenses from the Postal Service and pay the appropriate fee as set forth in Fee Schedule 931.
- 931.72 Except as provided in section 931.73, the license to distribute business reply cards, envelopes, cartons, or labels must be obtained at each office from which the mail is offered for delivery.
- 931.73 If the business reply mail is to be distributed from a central office to be returned to branches or dealers in other cities, one license obtained from the post office where the central office is located may be used to cover all business reply mail.
- 931.74 The license to mail business reply mail may be canceled for failure to pay business reply postage and fees when due, and for distributing business reply cards or envelopes that do not conform to prescribed form, style or size.



- 931.75 Authorization to pay experimental nonletter-size business reply mail fees as set forth in Fee Schedule 931 may be canceled for failure of a business reply mail advance deposit trust account holder to meet the standards specified by the Postal Service for the ~~applicable reverse manifest or weight averaging~~ accounting method.

This provision expires ~~June 7, 1999.~~ February 29, 2000, or upon implementation of permanent fees for nonletter-size business reply mail, whichever comes first.

**FEE SCHEDULE 931****BUSINESS REPLY MAIL**

	<b>Fee</b>
Active business reply advance deposit account:	
Per piece	
Qualified	\$0.05
<del>Nonletter-size, using reverse manifest (experimental)</del>	<del>\$0.02</del>
Nonletter-size, using weight averaging (experimental)	\$0.03
Other	\$0.08
Payment of postage due charges if active business reply mail advance deposit account not used:	
Per piece	\$0.30
Annual License and Accounting Fees:	
Accounting Fee for Advance Deposit Account	\$300
Permit fee (with or without Advance Deposit Account)	\$100
Monthly Fees for customers using <del>a reverse manifest</del> or weight averaging for nonletter-size business reply	
<del>Nonletter-size, using reverse manifest (experimental)</del>	<del>\$1,000</del>
Nonletter-size, using weight averaging (experimental)	\$3,000
Set-up/Qualification fee for customers using <del>a reverse manifest</del> or weight averaging for nonletter-size business reply	
<del>Nonletter-size, using reverse manifest (experimental)</del>	<del>\$1,000</del>
Nonletter-size, using weight averaging (experimental)	\$3,000

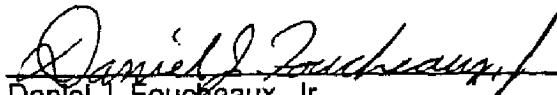
1 Experimental per piece, monthly, and set-up/qualification fees are applicable only to participants selected by the Postal Service for the nonletter-size business reply mail experiment. The experimental fees expire ~~June 7, 1999~~ February 29, 2000, or upon implementation of permanent fees for weight-averaged nonletter-size business reply mail, whichever comes first.

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

RENEWAL OF EXPERIMENTAL CLASSIFICATION AND  
FEES FOR WEIGHT-AVERAGED NONLETTER-SIZE  
BUSINESS REPLY MAIL, 1999

Docket No. MC99-1

**SIGNATURE PAGE FOR STIPULATION AND AGREEMENT**

  
Daniel J. Fouchaux, Jr.  
Chief Counsel, Ratemaking  
UNITED STATES POSTAL SERVICE

3/10/99  
Date

POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

RENEWAL OF EXPERIMENTAL CLASSIFICATION AND  
FEES FOR WEIGHT-AVERAGED NONLETTER-SIZE  
BUSINESS REPLY MAIL, 1999

Docket No. MC99-1

**SIGNATURE PAGE FOR STIPULATION AND AGREEMENT**

\_\_\_\_\_  
Name of Intervenor

\_\_\_\_\_  
Date

\_\_\_\_\_  
[Signature of Representative]